



**United States Department of Agriculture  
Rural Development  
Idaho State Office**

Idaho AN 1611 (1930-C)

October 14, 2004

**SUBJECT:** Tenant Certifications for Tenants  
With Zero Income and/or Sporadic Income

**TO:** Area Directors  
Multi-Family Housing Specialists  
USDA, Rural Development, Idaho

**PURPOSE/INTENDED OUTCOME:**

This AN is being issued to clarify Rural Development's policy on zero income tenant certifications and certifications for tenants with sporadic income.

**COMPARISON WITH PREVIOUS AN:**

This replaces Idaho AN 1597 dated May 27, 2003 with some minor changes.

**IMPLEMENTATION RESPONSIBILITIES:**

It is the policy of Rural Development not to accept a tenant certification for zero income unless all income is specifically exempted by Rural Development Instructions.

It is understood that in some cases, applicants/tenants are without an income for a short period of time due to loss of a job, illness, or other extenuating circumstances. There are also cases where the tenant has a history of working sporadically or the tenant's job is such that annual layoffs are common.

RD Instruction 1930-C, Exhibit B, II requires that tenant certifications be based on the future 12 months income.

If the tenant works in a job that has regular layoffs, the tenant will be certified for a full year based on their annual income. Third party verifications will be obtained from the employer that verifies the tenant's income and estimated or typical layoff time, if applicable. If the tenant typically receives unemployment during their layoff, the

**EXPIRATION DATE:**  
October 31, 2005

**FILING INSTRUCTIONS:**  
Preceding RD Instruction  
1930-C

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unemployment income will also be included. The tenant's tax returns should be used to help estimate the annual income. Tenants will not be recertified at zero income when they experience typical layoffs. The tenant will not be recertified when laid off or when they go back to work unless the layoff is not consistent with the estimate, and the annual income will be affected as per RD Instruction 1930-C, Exhibit VII, B, F, 3, "Reporting Changes".

In cases where the tenant has been laid off from a job, is collecting unemployment and has no idea when they will be going back to work, the unemployment should be annualized. Once the tenant goes back to work, they will be re-certified.

In cases where a tenant typically works sporadically, tax returns and the tenant's previous 12 months work history will be used to help document and estimate the tenant's income. Documented changes can be made to the historical annual income when estimating the tenant's income for the future 12 months. Tenants will not be recertified at zero income when they experience typical layoffs or quit a job. Tenants who have a "sporadic income" certification should be reviewed in six months and recertified if necessary.

In case of a student who only works during the summer, the annual income will be used to calculate the student's tenant certification. The student will not be recertified when they go to work in the summer or be certified at zero income when they quit work in the fall, unless the amount of the certification is effected by RD Instruction 1930-C, Exhibit B, VII, F, 3, "Reporting changes". Tenants, who are recertified because their income goes up or down based on this definition, will again be recertified for the future twelve months.

In cases where an applicant/tenant is claiming that they have no household income, and do not know when, or if they are going to have an income, it will be necessary for the tenant to estimate what their income will be for the next 12 months. This amount should include income for essential (i.e. food, clothing, medical, diapers, transportation, gas, car insurance, car registration, emissions testing, etc.) living expenses while unemployed and any non-essential items being paid by or for the tenant/applicant (i.e. cigarettes, phone, cable TV, internet service, etc.). The basis for estimated incomes should be well documented in the tenant's file. When using an estimated income, management must advise the Rural Development Area Office that the tenant certification is based upon a documented estimate. Management will be expected to review the tenant's circumstances quarterly to ascertain if the tenant's income has changed from the estimate. Tenants should be reminded that the lease agreement specifically states that it is the tenant's responsibility to immediately report changes in income to management.

Furthermore, if a tenant is claiming zero income and has minor dependent children, Health and Welfare needs to be verified for benefits received on behalf of the minor children, such as AFDC.

Rural Development Area Office staff are expected to include any tenants with estimated incomes in their next regularly scheduled request for wage matching. See Idaho AN 1597 (1930-C), dated April 29, 2004 for guidance on wage matching.

Michael A. Field  
State Director